and natural gas on 22nd June, 2006. But, unfortunately, on that day, because of torrential rains, both the planes and Prime Minister and the hon. Minister could not land and went back cancelling the programme. Sir, there is a strong rumour that this project will be shifted from our State to some other State, from Mangalore to some other part of the country. Will the hon. Minister give an assurance in the House saying that this project will not be shifted to any other place and the Government will stand by its commitment?

SHRI MURLI DEORA: Mr. Chairman, Sir, the hon. Member is right. The Prime Minister's plane could not land in Mangalore. So, the trip was cancelled. But, as far as the project is concerned, the Government is committed to this project. This project also includes Special Economic Zone and several other projects including the implementation of the programme of Mangalore SEZ. As far as the Government is concerned, it is committed to this project. We will visit that place very soon.

MR. CHAIRMAN: Mr. Poojary, now you should be satisfied.

SHRI JANARDHANA POOJARY: Yes, Sir. So far as the PPCIR, that is, petro-chemical investment regions are concerned, the hon. Prime Minister has set up a Task Force for identifying places in the country, that means, places in other States, for setting up these PPCIR projects. Which are those places that have been identified?

SHRI MURLI DEORA: Sir, for this PPCIR task force has been forward under the Chairmanship of Principal Secretary to the Prime Minister, and, they are working out the details. It is still at a very initial stage.

Permission for opening bank branches in foreign countries

*122. SHRI AMAR SINGH:††
SHRI ABU ASIM AZMI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that a few Public Sector Banks have sought permission for opening up of their branches in foreign countries;

(b) if so, the details thereof; and

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††The question was actually asked on the floor of the House by Shri Amar Singh.

(c) the details of the decision so far taken thereon and by when the remaining requests are likely to be acceded to?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) Six requests of the three Public Sector Banks for opening branches/upgrading representative offices into branches are pending with the Reserve Bank of India (RBI).

(c) RBI endeavours to process requests of banks to open branches promptly, preferably within a period of six months, on the basis of certain prudential parameters keeping in view the bank's ability to withstand international competition.

श्री अमर सिंह: महोदय, मैं आपके माध्यम से पहली सप्लीमेंट्री यह पूछना चाहूंगा कि विदेशों में बैंकों की जो शाखाएं खोली गई हैं, उनमें कितने एल॰पी॰ए॰ प्राइवेट सेक्टर में और कितने नॉन प्राइवेट सेक्टर में हैं और क्या सरकार को पता है कि बहुत बड़ी और मझोले साइज की कम्पनियां विदेशों में गई हैं और क्या सरकार ने कोई ऐसी पॉलिसी बनाई है कि ये जो विदेशी शाखाएं वहां खुल रही हैं वे इनको अपने बिजनेस में समायोजित कर सकें?

SHRI P. CHIDAMBARAM: Sir, with due respect, I am not quite clear what the hon. Member means by priority sector and non-priority sector. Indian banks must open branches abroad in order to promote trade and investment between India and that country and in order to serve a natural constituency of Indians living in that country. Therefore, we must encourage Indian banks to open branches abroad. Now, the Reserve Bank takes into account a number of prudential requirements before it allows a bank to open a branch abroad. This will include the capital base of the bank, its capital adequacy, its market reach, the market research it may have done about opportunities for that branch in that country, and the human resource available. The Reserve Bank examines these matters and grants permission to an Indian bank to open branches abroad. We have today 110 branches of Indian banks at overseas centres, we have also 18 subsidiaries of Indian Banks, we have six joint ventrues of Indian banks and we have 34 representative offices of Indian banks. I think, the Reserve Bank follows a very careful, calibrated approach and applies prudential norms to allow banks to open branches abroad.

श्री अमर सिंह: महोदय, मेरी दूसरी सप्लीमेंट्री है। माननीय मंत्री जी ने बताया कि रिजर्व बैंक का बड़ा केयरफुल केलिब्रेटेड एप्रोच होता है। यह बहुत अच्छी बात है और उस केयरफुल और केलिब्रेटेड एप्रोच के बाद ऐसा पता चला है कि कई देश-मलेशिया, थाईलैंड और वियतनाम जैसे छोटे देश भी और वह अमेरिका भी, जिसकी हम तरफदारी बड़ी मजबूती से आजकल करने में जुटे हुए हैं, अमेरिका में भी हमारी जो देशी बैंक की शाखाएं हैं उनको खोलने की अनुमति देने में सारे केयरफुल केलिब्रेटेड एप्रोच के बावजूद रिजर्व बैंक है, अमेरिका तक में जिसके पीछे हम इतने बुरी तरह से पड़े हुए हैं हाथ धोकर के, वह भी अनुमति नहीं देता कि हम शाखाएं खोलें, क्या यह सच है?

SHRI P. CHIDAMBARAM: Sir, the hon, Member is right. The US Fed or Federal Reserve's Policy for allowing branches is rather restrictive. We have taken up this matter with the US and we have impressed upon them that while our need to open branches abroad and our need to allow foreign banks to open branches here will be the paramount consideration, there is also the consideration of reciprocity. This was taken up in the last meeting of the India-US CEO's forum. I have discussed this matter with representatives of Federal Reserve when they visited India, and, we will continue to take it up with the US. It is our intention to secure more branch licenses for opening branches in the US.

श्री अमर सिंह: सर, आप यह स्पष्ट बताएं कि अगर अमेरिका की धरती पर हमारे भारतीय बैंकों की शाखाएं नहीं खुल रही है और आपके तमाम प्रयत्नों के बावजूद अनुमति नहीं मिलेगी तो जो अमेरिकी वित्तीय संस्थान हैं, क्या आप उनको यहां पर रोकने का काम करेंगे? टिट फॉर टैट। क्योंकि यह भारत की अस्मिता का प्रश्न है, कि अमेरिका तो हमें वहां आने नहीं दे और आरे केयरफुल केलिब्रेटेट एप्रोच के बावजूद अमेरिकियों को हम यहां आने दें?

SHRI P. CHIDAMBARAM: Sir, the Indian banks have six branches in the US today. We want to open more branches; Indian banks want to open more branches. Reciprocity will be a consideration in dealing with this matter.

श्री अबू आसिम आज़मी: थैंक्यु सर। मैं आपके माध्यम से ऑनरेबल मिनिस्टर साहब से जानना चाहता हूं कि सरकारी क्षेत्र और निजी क्षेत्र के किन-किन बैंकों ने विदेशों में अपनी शाखाएं खोल रखी हैं उन्होनें पिछले दो साल में कितनी पूंजी बढ़ायी है?

†[شری ابو عاصم اعظمی : تھینک یو، سر۔ میں آپ کے مادھیم سے آنریبل منسٹر صاحب سے جاننا چاہتا ہوں کہ سرکاری چھیتر اور نجی چھیتر کے کن کن بینکوں نے ودیشوں میں اپنی شاکھائیں کھول رکھی ہیں اور انہوں نے پچھلے دو سال میں کتنی پونجی بڑھائے ہے؟]†

†[ ]Transliteration in Urdu Script.

SHRI P. CHIDAMBARAM: Sir, I don't have any information about the date of opening of each branch. But, I can tell you bank-wise and country-wise the number of branches opened abroad. There are 110 branches of Indian banks abroad as on the 30th of June, 2006. If you wish to know the date-wise opening of branches, I would have to compile this information and furnish to you.

SHRI EKANATH K. THAKUR: Thank you, Sir, for allowing me. At the ceremony for celebrating the 200th year of the origin of the SBI, the hon. Minister expressed the hope and a desire that the State Bank of India should be present in all the important capitals of the world. This was nodded to by the Governor there. I would like to know whether this desire of the Government of India that the State Bank of India should be present in all the important capitals of the world is backed by special dispensation for the SBI, special licence for the SBI to open such branches or have they to undergo the same procedure that has been laid down which you have mentioned earlier.

SHRI P. CHIDAMBARAM: Sir, the State Bank of India is our largest bank, and I still maintain that the State Bank of India should have a presence in all the important countries of the world. The State Bank today has 30 branches in different countries of the world. It has a number of subsidiaries. It has representative offices in seven countries. But, the State Bank, like any other bank, would have to apply to the Reserve Bank of India in order to satisfy the Reserve Bank of India that its application for opening of a branch merits consideration and approved. But, I am confident that having regard to its balance sheet and reach and strength, the State Bank's applications have much greater chances of success at the Reserve Bank of India.

DR. K. MALAISAMY: Sir, in opening and running branches in foreign soil, you could have come across a lot of bottlenecks. Can you illustrate the major bottlenecks in opening branches in foreign countries? Whether you are sure of getting over such bottlenecks when you are opening branches at present.

SHRI P. CHIDAMBARAM: Sir, the difficulty faced by the Indian banks is that each country has its own regulatory regime. Now, each country has made some commitments in the WTO, and has not made some commitments in the WTO. The Indian Banks do encounter difficulties.

Among these difficulties are restrictions with regard to the form of presence-should it be a wholly-owned subsidiary or should it be a branch. Another one is discrimination in the matter of capital adequacy. There are barriers to gain full banking licence; requirements of multiple licences for dealing in local currency and foreign currencies; restrictions on number of branches. There are a number of practical difficulties. But this is because of the different regulatory regime in each country. But these are matters which we are capable and confident of dealing with as and when we face these difficulties. We have 110 branches and we will open more branches. We will overcome these difficulties. But, these are subject to the regulatory jurisdiction of that country.

श्री प्यारे लाल खंडेलवाल: सभापति महोदय, मैं माननीय मंत्री जी से जानना चाहता हूं कि चीन और दक्षिण पूर्व के किन-किन देशों में भारतीय बैंकों की शाखाएं स्थापित हैं और यदि हैं तो वे कौन से बैंक हैं, जिनकी शाखाएं स्थापित की गयी हैं?

MR. CHAIRMAN: I think you are not ready for it.

SHRI P. CHIDAMBARAM: Sir, if you mean South-East Asia, that includes Singapore. In Singapore, the State Bank of India has one branch; The Bank of India has one branch, The Indian Bank has one branch, the Indian Overseas Bank has one branch; UCO' has two branches; the ICICI Bank has one branch; and the UTI Bank has one branch. In China, the State Bank of India has one branch. In Hong Kong, the State Bank of India has one branch; the Bank of India has two branches; the IOB has two branches; UCO has two branches; and the ICICI Bank has one branch. I will type it out and send it to him.

SHRI SANTOSH BAGRODIA: Sir, in this age of globalisation, and particularly when the hon. Minister has mentioned about the WTO, I would like to know, why should the RBI come in the way when already foreign countries are coming for opening Indian branches? What is the necessity of studying the bank's ability to withstand international competition? Let it be with the autonomous system. Let them decide this themselves, and the Government should help them to open these branches. Similarly, does it apply to private banks? How many private banks have made requests; and what are the main criteria for allowing such permission?

SHRI P. CHIDAMBARAM: Sir, in terms of section 23(1) of the Banking Regulation Act, 1949, no banking company incorporated in India shall

open a new place of business outside India without obtaining the prior permission of the Reserve Bank. Section 23, sub-section (2) of the Act says that before granting any permission, the Reserve Bank may require to be satisfied by inspection under section 35 or otherwise as to the financial condition and history of the company, the general character of its management, the adequacy of its capital structure, and earning prospects, and that public interest should be served by the opening, or as the case may be, change of location or the place of business. This is a statutory power coupled with the statutory duty and the RBI, therefore, has to both exercise the power and perform the duty.

SHRI SANTOSH BAGRODIA: Sir, amend it.

RBI Governor's meeting with Indian banks' Association

*123. SHRI PRASANTA CHATTERJEE: Will the Minister of FINANCE be pleased to refer to answer to Unstarred Question 4014 given in the Rajya Sabha on 23rd May, 2006 and state:

(a) whether any pre-credit policy meeting was held between Governor, Reserve Bank of India and Indian Banks' Association on 28th March, 2006; and

(b) what are the details of the submissions made by the Chief Executive of Indian Banks' Association in this meeting?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) and (b) A meeting was held between Governor, Reserve Bank of India and the delegation of the Indian Banks' Association on 28th March, 2006, as a part of customary consultations with the industrial representatives before Annual Policy announcements. The issues discussed, *inter-alia*, related to credit growth and market liquidity, Benchmark Prime Lending Rate, cash reserve ratio, etc. The discussions, however, are not minuted.

SHRI PRASANTA CHATTERJEE: Sir, in my earlier question dated 23rd May, the Honble Minister has said that the Chief Executive of the